

# Spa Design & Spa Income

By *Sam Margulies*



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Every time I am being contacted by a person who has a spa project, one of the first questions is: "when is the right moment to begin to work on the conception and design?"

The truth is that the design of the spa is the element that will have the most dramatic influence on the business aspect of the spa. When I say *design*, I am not talking about the colors on the walls or about the type of flooring used. I am talking about the conception of the structure, the floor plan if you will.

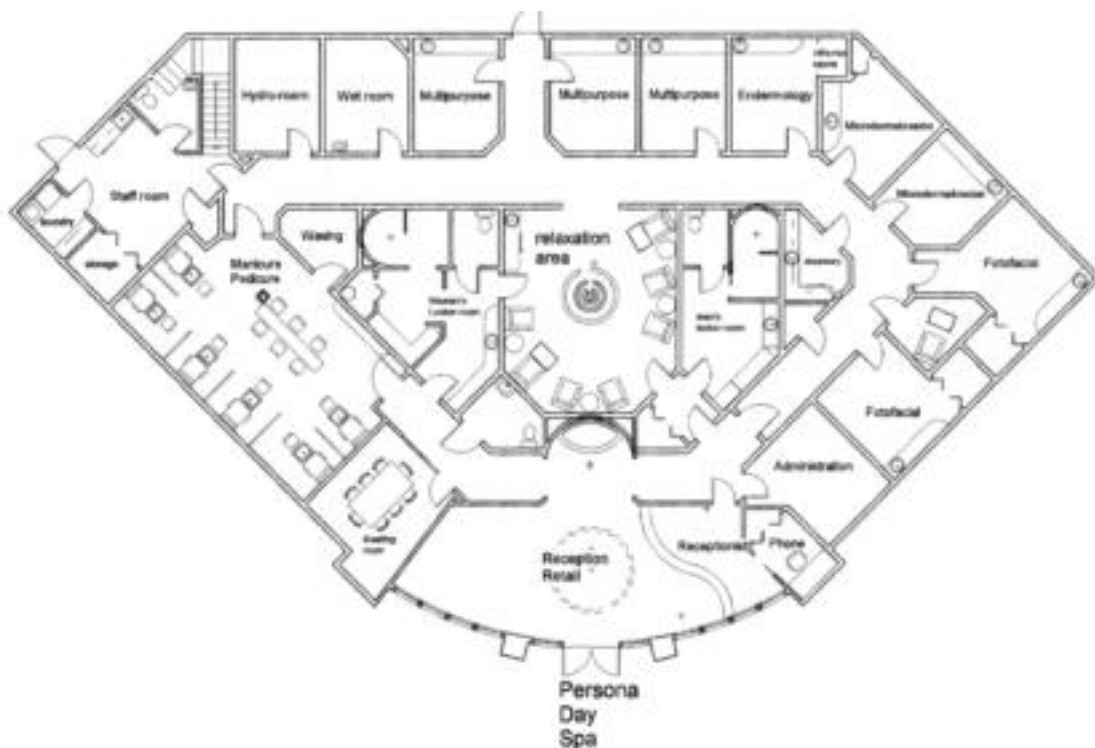
Most of the time, a spa project begins with three elements: a business plan, a wish list and a space. Some people have a space before having a wish list or a business plan, while others know what they want to propose to their future clients but don't have

yet a business plan or a space. Some even develop a business plan before knowing what kind of services they want to offer to their clients...

## From a wish list to the business plan

In most cases, people begin with a wish list, knowing what kind of treatments they want to offer to their clients. They create a business plan, and then look for a space. The problem is that to develop a business plan that makes sense, you need to know how many treatment rooms will fit in the space, including all the other spaces necessary to allow the treatment rooms to operate properly. Without these elements, your business plan will not reflect your real business potential.

For example, if you base your business plan on 10 treatment rooms at 85% utilisation rate and end up with a space that will not allow more than 8



## TO WORK ON THE SPA CONCEPTION & SPA DESIGN

rooms at only 65% utilisation rate, your potential income will be about 40% lower than your expectations. At that point, you won't be able to make the kind of income you thought you would, and your investors and bankers will lose their confidence in your business skills.

In the case you have the wish list, before developing an unrealistic business plan, seat with your spa designer for a couple of days. He will be able to create with you the profile of your project based on your wish list. This will help you develop a constructive business plan based on your wish list, with real projections with a realistic knowledge of costs and potential income, as well as giving to you the right direction to find a space that will support your business and not limit it.

### From the business plan to the right location

When you have a business plan ready, you begin to look for a location and a space that will fit the needs of your business plan.

Here too, you have to make sure that the location will support your business plan. If this business plan is based on 20 treatment rooms, it means that most likely, you will need also locker rooms, relaxation room, utility room, staff room, etc... in order to support an acceptable utilization rate of your treatment rooms. But how do you calculate the square footage needed for the locker rooms? Does it depend in the total dimension of the spa, does it have something to do with the number of treatment rooms or does it depend in the mood of the architect?

If you project to have water treatments, or if you want just your clients to have the possibility to take showers, you might need to think of space for the utilities, including hot water tanks big enough to fulfil the needs of the spa.

In other words, for every square foot in your spa that will directly generate income, you need to calculate some more surface that won't generate direct income, but without which your structure would not be able to operate correctly.

A couple of days with your spa designer will help you define the type and the dimensions of the space you will need in order to support the projections of your business plan, and give you the right direction to develop the kind of business that you expect to have.

### From a specific location to the business plan

Most of the time, people have a location, and they

have also an idea of the type of treatments they want to offer to their future clients. In many cases, they also have a business plan they developed even before finding the location, but now they don't really know if the location can support their business plan.

At this point, it's not possible to push the walls of the space. The spa designer need to assess the real possibilities of the space, and help the spa owner to revisit the wish list and set priorities as needed.

It is only after this exercise that a surface plan can be conceived and that an accurate business plan can be recreated.

### Maximizing the potential income

It is not just the location that makes the difference, but how the interior architecture is conceived and designed. A few months ago, a plastic surgeon sent me the plans of his future medical spa that had been designed by a well known architectural firm. After redesigning the plans within the same space, the potential income of the new plans was raised by 239%!!

It is important to understand that it is not always the highest number of treatment rooms that will create the highest income.

It is the usability rate of each treatment room that makes the difference. In order to reach the best usability rate for each treatment room in your spa, your spa designer must conceive the plans incorporating the correct amenities for the structure, creating the best traffic flow with the right supporting spaces. In general, the bigger the spa is, the smaller proportionally the supporting spaces need to be while including more purposes. It might sound somewhat complicated, but when your spa designer knows what he does, it is pretty simple.

### Design your return on investment

Compare to most other types of retail and service oriented businesses, a spa requires a higher up-front investment.

This investment is calculated in:  $COST / SQ. FT.$ , so you need to be able to calculate the return on your investment the same way:  $INCOME / SQ. FT.$

So make sure that your spa designer will combine in the conception and design of your spa a treatment approach, an aesthetic sense, as well as a business perspective. ■

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